

## Focus on Energy Schools and Government Program

Charlie Schneider, Sector Manager  
Schools and Government Program

- U.S Department of Energy's Rebuild America  
K-12 Energy Smart Schools  
**Energy Champion Award winner (2002)**
- Association of Energy Engineers  
**Energy Manager of the Year Award winner (2003)**

Wisconsin has been a national leader in helping its school districts build and maintain energy efficient buildings since 1977 when the State joined with the federal Department of Energy to pilot the Institutional Conservation Program (ICP), a federally funded financial assistance program that continued through the mid-1990's. When Congress eliminated the ICP program, Wisconsin responded in 1996 with the Wisconsin Energy Initiative –2 program for its public and private school facilities. The WEI-2 program was funded with Petroleum Violation Escrow funds (PVE also known as Oil Overcharge money) and modeled after the successful Iowa Energy Bank program. The WEI-2 program followed the earlier Wisconsin Energy Initiative which was a nationally recognized effort to increase energy efficiency in state buildings. When 1999 Act 9 created a statewide Public Benefits program in Wisconsin, the WEI-2 program became the Focus on Energy Schools and Government Program and has been serving Wisconsin's schools (K-12 public and private, technical colleges and private colleges) and local governments (city and county) since 2001.

Focus on Energy advisors have helped schools and local governments reduce annual energy expenditures by more than \$8.5 million so far, equivalent to the salaries and benefits of 140 experienced teachers every year. Reductions in energy expenditures directly contribute to reduced tax revenue requirements. In real energy terms, in FY03, participating schools and governments saved more than 11,000,000 kWhs, 2,000 kW and 1,160,000 therms. Most significantly, the taxpayers of Wisconsin will receive \$3.43 in benefits for every \$1.00 they invested in schools and local government buildings in FY03 through the Focus on Energy program.

Today, Focus on Energy's Schools and Government Program has completed more than 500 energy efficiency projects in Wisconsin's schools and nearly 200 projects at local government facilities across the state. Participating schools and governments have invested nearly \$56 million in infrastructure improvements.

The program is designed to provide services to schools and governments tailored to their specific needs. Unlike many financial assistance programs, the underlying goal of the Focus Schools and Government program is to develop a relationship with clients that leads to a long-term partnership that continues to realize energy savings and regularly adopts new and more efficient technologies. In many cases, this partnership evolves to a point where a school or government

turns to Focus on Energy with all of its energy questions. Larger school districts or city-county governments, with their own staff resources, may only need assistance with calculating and validating the projected energy savings from vendor proposals. Smaller districts, with fewer staff resources, tend to consult with Focus staff about a much broader range of energy issues. The Focus on Energy Schools and Government program is designed to provide this individualized level of assistance.

### **Accessing Services**

Cooperative Educational Service Agency (CESA) 10 is the Focus on Energy sub-contractor that operates the Schools and Governments program. With many years of providing expert assistance in many different areas to school districts across the state, the CESA is an immediately credible source of assistance to school district administrators and now to local government officials. School district or local government clients contact Focus on Energy looking for generalized ways to reduce energy expenditures, or they may seek help with a specific project. Either way the program provides a short series of simple the steps to provide the desired assistance.

#### **▪ Step One – Planning**

- A Focus on Energy advisor meets with the client to discuss their needs. Together the energy advisor and client develop a plan. While the energy advisor will encourage proceeding to step two, requests for very specific assistance may move immediately to the Action Plan or Technical Assistance steps. The intent is to develop a complete package of efficiency measures instead of concentrating on just one.

#### **▪ Step Two – Site Survey**

- The energy advisor will conduct a site survey to assess district buildings and identify energy usage and energy saving opportunities. The survey looks at larger capital improvement projects, as well as smaller, low or no cost measures. The energy advisor's site survey report provides accurate and unbiased data and analysis to the building manager and senior decision-makers. This survey, separated from a sales pitch that would accompany most other proposals, carries the credibility that increases the confidence in the value of recommended projects.

#### **▪ Step Three – Action Plan**

- Together the energy advisor and client will develop an energy action plan. If the client has a specific project this may only include the steps required to complete that project. If a more general energy saving initiative is under consideration, the action plan may expand to include a five-year plan for repair and replacement of capital equipment and other efforts to help the client prioritize their needs.

#### **▪ Step Four – Technical Assistance**

- Many of our clients lack the time, skills or other resources to proceed with these projects without further assistance. Again, the Focus energy advisor will tailor program assistance to the needs of the client. This may mean help in identifying qualified engineering firms or specific vendors or even assistance in issuing a request for proposals to complete a project. This is where clients very much appreciate the unbiased, third party "expert" advice from CESA employees.

### **General Services Available**

Focus on Energy staff from CESA 10 are experienced energy experts capable of providing a wide range of services to their clients.

- **Energy Tracking**

A key first step in any energy efficiency plan is a detailed understanding of energy use. Focus on Energy provides an Internet based computer program that enables clients to access their energy bills online and run detailed engineering reports that help them understand their energy usage and identify potential areas of improvement.

- **Financial assistance**

Clearly, financial assistance is a critical need for most school districts and local governments. While local government entities are able to use budgeted dollars to implement projects, schools are under additional funding constraints that make it much more difficult. During 2003, voters approved only 11 out of the 71 capital improvement projects. However, many schools are not aware of the full range of funding sources available to them and Focus energy advisors are equipped to show them new ways to finance projects. Two particularly valuable options are the State Trust Fund loan program and lease purchase financing.

For projects that are implemented outside the capital budgeting process, most schools take advantage of the State Trust Fund loan program. This process is easy to complete and provides very competitive interest rates. In most cases, Focus on Energy can help the school or government structure a project package that will provide the school district with a neutral cash flow situation. This means that they can pay off the loan using money saved on the energy bill. In most cases the school can avoid the need to conduct a referendum.

With the lease purchase financing option, Focus on Energy helps the school or government find a bank that will lease them the capital equipment with a reasonable buy-out at the end of the lease term. Again, this is typically done with a neutral cash flow, with the lease payment made with money saved by the project. At the end of the lease term, the savings become a permanent reduction in the annual expenditures. Also, the lease payment is an annual expense and not considered long-term debt and so does not require a referendum. Because the required legal paperwork for a lease purchase can be very complicated, the Division of Energy, many years ago, contracted with a law firm specializing in school financing to create a generic lease document that is widely accepted by lending institutions and saves thousands of dollars that would be required to write individual lease purchase documents.

Even with these funding options, schools and governments are still extremely reluctant to enter into financial obligations and are very concerned about how they will affect the revenue cap. This is an instance in which the credibility and experience of the Focus on Energy subcontractor, Cooperative Educational Services Agency 10 is key to the program's success. CESA 10 staff members are well versed in school funding mechanisms and how schools need to work within those mechanisms. This special knowledge brings an added sense of comfort for the schools.

- **Focus on Energy Training**

Focus on Energy sponsors a quarterly statewide Building and Grounds managers meeting to continually upgrade and refresh the skills of the people charged with maintaining public buildings. The Schools and Government program also works cooperatively with the Focus on Energy Business Program to offer many low cost training events targeted at schools and local governments. These events help them operate their buildings in a more efficient manner and teach them about new and emerging technologies.

## **Flexibility and Long-term Relationships**

The main goal of the Focus Schools and Government program is to help clients reduce energy usage and, at the same time, build a relationship that will teach them that their energy usage and expenditures are largely within their control. Because the program is designed to offer services tailored to specific client needs, experience has demonstrated that clients who initially approach the program about a specific project often end up using us Focus staff as consultants for all of energy questions. While Focus staff recommends strategies, the decision is always the client's. If, in the end, they make an informed decision, then Focus staff has made a significant contribution and as the Focus-client relationship progresses, clients often implement most recommendations over time. This long-term relationship approach is creating a reliable and sustainable source of expertise that enables Wisconsin school districts and local governments to control energy use and expenditures and save taxpayer dollars.

## **Budget Realities**

Focus on Energy's Schools and Government Program FY04 budget was reduced 23%, from \$3,908,000, to \$3,000,000 as a result of budget cuts in the 2003 Act 33. This funding covers the entire operating budget as well as the financial grants paid directly to schools and governments. Because of the limited budget, financial incentives are not used to pay for projects, but rather as incentives to encourage clients to install energy efficiency measures.

- For example if an energy advisor recommends that a school replace a boiler with a more efficient unit, Focus on Energy may offer an incentive to purchase a highly efficient boiler rather than the standard efficiency unit. The incremental cost of the more efficient unit may be \$2,000- \$5,000. The incentive is calculated to cover a portion of the incremental charge and encourage the customer to install the more efficient unit, but not to reimburse the entire cost of the boiler replacement.